

PREFERRED APARTMENT COMMUNITIES INC
Form 10-Q
May 09, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
^x 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____
Commission File No. 001-34995

Preferred Apartment Communities, Inc.
(Exact name of registrant as specified in its charter)

Maryland 27-1712193
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
3284 Northside Parkway NW, Suite 150, Atlanta, GA 30327
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (770) 818-4100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's Common Stock, as of May 6, 2016 was 23,183,396.

PART I - FINANCIAL INFORMATION

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Preferred Apartment Communities, Inc.
Consolidated Balance Sheets
(Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Real estate		
Land	\$ 174,662,174	\$ 141,729,264
Building and improvements	908,022,540	733,417,442
Tenant improvements	6,029,479	5,781,199
Furniture, fixtures, and equipment	102,159,856	86,092,408
Construction in progress	814,623	609,400
Gross real estate	1,191,688,672	967,629,713
Less: accumulated depreciation	(59,160,582)	(48,155,874)
Net real estate	1,132,528,090	919,473,839
Property held for sale (net of accumulated depreciation of \$6,034,171 and \$5,838,792)	33,666,369	33,817,081
Real estate loans, net of deferred fee income	169,409,097	180,688,293
Real estate loans to related parties, net	91,221,265	57,313,465
Total real estate and real estate loans, net	1,426,824,821	1,191,292,678
Cash and cash equivalents		
Restricted cash	4,703,505	2,439,605
Notes receivable	13,597,705	12,539,440
Note receivable and revolving line of credit to related party	12,864,229	18,489,247
Accrued interest receivable on real estate loans	26,181,955	19,454,486
Acquired intangible assets, net of amortization of \$31,229,089 and \$27,032,157	13,219,191	14,294,648
Deferred loan costs for revolving line of credit, net of amortization of \$836,761 and \$791,002	22,094,521	19,381,473
Deferred offering costs	443,654	488,770
Tenant receivables (net of allowance of \$435,508 and \$434,773) and other assets	5,031,237	5,834,304
Total assets	11,874,629	11,314,382
Total assets		
	\$ 1,536,835,447	\$ 1,295,529,033
Liabilities and equity		
Liabilities		
Mortgage notes payable, principal amount	\$ 818,291,100	\$ 668,836,291
Less: deferred loan costs, net of amortization of \$2,587,310 and \$2,021,696	(10,642,652)	(8,099,517)
Mortgage notes payable, net of deferred loan costs	807,648,448	660,736,774
Mortgage note held for sale	28,109,000	28,109,000
Revolving line of credit	17,000,000	34,500,000
Term note payable	30,000,000	—
Less: deferred loan costs, net of amortization	(5,611)	—
Term note payable, net of deferred loan costs	29,994,389	—
Real estate loan participation obligation	13,769,962	13,544,160
Accounts payable and accrued expenses	12,274,575	12,644,818
Accrued interest payable	2,524,558	1,803,389
Dividends and partnership distributions payable	7,322,267	6,647,507

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Acquired below market lease intangibles, net of amortization of \$1,932,035 and \$1,578,205	8,899,620	9,253,450
Security deposits and other liabilities	3,466,767	2,836,145
Total liabilities	931,009,586	770,075,243

Commitments and contingencies (Note 12)

Equity

Stockholders' equity

Series A Redeemable Preferred Stock, \$0.01 par value per share; 1,050,000 shares authorized; 587,219 and 486,182 shares issued; 583,110 and 482,964 shares outstanding at March 31, 2016 and December 31, 2015, respectively	5,831
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